



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



AUGUST 7, 2001

U.S. Grains Council Hosts Value-Enhanced Grain Conference (2^d of 3 parts). Discussions during the July 22-25 U.S. Grains Council Conference covered a broad spectrum of issues related to value-enhanced grain (VEG). In addition to the quality and future of VEG and customer demand, several speakers raised issues related to opportunities for biotechnology, contracting for the transport of VEG, and the handling and traceability of identity-preserved (IP) shipments.

Among the speakers, Dr. Neil Harl, Professor of Economics, Iowa State University, focused on opportunities for biotechnology. Appointed by the U.S. Secretary of Agriculture last year to serve on the Advisory Committee on Agricultural Biotechnology, Dr. Harl's remarks on the potential long-run advantages of GM crops include not only the potential to feed a growing population, but also an ability to match crops to end-user needs, including crops that would create new products for industrial and pharmaceutical markets. One very important concept in the future of GM crops is that consumer choice drives the whole food system, even moreso than the regulatory process. If the consumer cannot see clear benefits such as lower priced food or food with better nutritional qualities, for example, he or she will discount GM crops in favor of those that have not been genetically modified. The trend has clearly been toward more consumer resistance, not less, according to the speaker. Harl also remarked on a growing consumer-driven trend in the United States for increased labeling, which could become widespread if not universal within 3 years. Foreign trade may also be affected, as has already been seen in resistance by the European Union and Japan of genetically modified products.

Dr. Harl believes that the future for GM crops will depend on three economic relationships: 1) the demand for GM and non-GM crops, by consumers worldwide; 2) the supply of GM and non-GM crops, by producers who decide on seed selection each year, adopting new technology to remain competitive (it was noted that cost-decreasing technology, however, tends to raise output, disproportionately decreasing price and lowering producer profits); and 3) the cost and feasibility of segregating, including on-farm challenges such as isolating fields and cleaning equipment.

Since the speaker believes that consumer resistance to GM products is increasing, he offered four possible solutions for exporting countries wanting to produce both GM and non-GM crops. First, establish "zone-production" regions. In other words, designate some regions as "GMO-free zones, for example. This, he admitted, would be unlikely since it would deny producers free choice and keep some out of a potentially evolving market. A second possibility would be to have regulating agencies require purchasers of the seed, that is not approved for all uses, to advise producers within 1 mile of every planted field (in writing and well before planting), of every planted field of the limited registration crop. Also, approval should be obtained from these nearby growers, creating the potential for negotiation. This alternative is also highly unlikely, considering the amount of work involved in the notification process. Third, there must eventually be low-cost, fast, and reliable testing for the presence of the GM germ plasm at every point of commingling. Last, a certification may be developed that would, at least, create a paper trail and a degree of accountability.

Jim Stitzlein, Manager of Market Development for Consolidated Grain and Barge Company (CGB), discussed contracting for the transportation of VEG. In contracting for VEG, it is important, according the speaker, to have effective communication and partnering between parties. Although the contract should allow for some flexibility, it should be very specific in terms of growing and harvest conditions, handling, and crop characteristics, for example. VEG markets are much more specific to quality than regular commodity shipments. Consideration should also be given to the challenges of making shipments during the busy harvest season or when weather, such as flooding, is a factor. CGB suggests that contracting for a barge shipment of VEG should begin roughly 11-14 weeks prior to the time when the commodity is expected at the export location, having it available at the port before the vessel arrives for export. The speaker emphasized that buyers and producers need to understand each other's needs and communicate expectations. Contracts should, therefore, be seen as a tool to communicate as well as a tool for enforcement. They should allow for possible changes and should be able to anticipate and resolve potential disputes in advance. Overall, the contract should help to build and define a long-term business relationship.

Note: *In the interest of fairness to the topic and because of limited space, the traceability and handling of IP grain will be covered in a future Grain Transportation Report. Also, the upcoming report, dated August 14, 2001, will likely be delayed until the following week due to scheduling conflicts. The report will be made available in its entirety at that time.*

Futures:				Week Ago	Year Ago
			08.02.2001	07/19/2001	08/04/2000
Kansas City	Wht	Sep	2.9750	3.1200	2.7550
Minneapolis	Wht	Sep	3.1125	3.2150	2.9400
Minneapolis	Dur	Sep	4.4500	4.4000	n.a.
Chicago	Wht	Sep	2.6475	2.8325	2.3700
Chicago	Corn	Sep	2.1050	2.0900	1.7875
Chicago	Sybn	Nov	4.8550	4.8625	4.4975



Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SOW, #2 Y Corn, #1 Y Soybeans
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SOW, #2 Y Corn, #1 Y Soybeans

Sources: U.S. Hand: All (except NF); Market News Report; AMS; USDA (www.usda.ams.gov)

U.S. Export: Corn & Soybean - Export Grain Bids, AMS, USDA
Wheat Bids - Weekly Wheat Report, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CANS, Canadian Wheat Board, Winnipeg (www.cwb.ca)

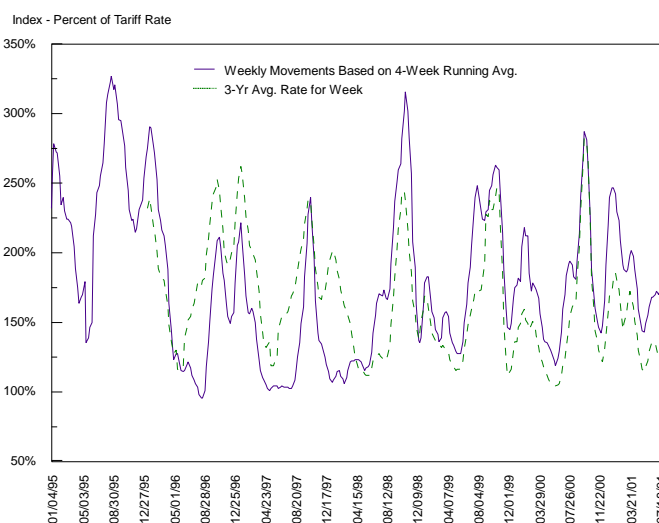
Secondary Rail Market Bids

Bid/Offer for up to 6 Months of Trading

\$400
\$300
\$200
\$100
\$0=Tariff Rate
(\$100)
(\$200)
(\$300)
(\$400)

May-97 Jul-97 Sep-97 Nov-97 Jan-98 Mar-98 May-98 Jul-98 Sep-98 Nov-98 Jan-99 Mar-99 May-99 Jul-99 Sep-99 Nov-99 Jan-00 Mar-00 May-00 Jul-00 Sep-00 Nov-00 Jan-01 Mar-01 May-01 Jul-01 Sep-01 Nov-01 Jan-02

Delivery Month-Year



Rail Car 'Auction' Offerings

Delivery for:	Sep-01		Nov-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	11,689	65%	14,109	60%
UP-GCAS	5,400	10%	no offer	

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-01	Sep-01	Oct-01	Nov-01
BNSF-GF	\$40	\$39	\$40	\$12
UP-Pool	\$43	\$50	\$50	\$(14)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
 GF=Guaranteed Freight, GEEP=Guaranteed Eght. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-01	Oct-01	Nov-01
COT/N. Grain	sold out	\$3	\$0
COT/S. Grain	\$1	\$0	\$0
GCAS/Region 2	\$3	no offer	no offer
GCAS/Region 4	no bid	no offer	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
 (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

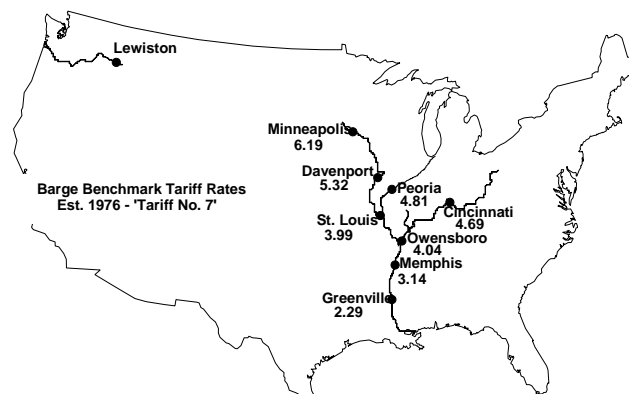
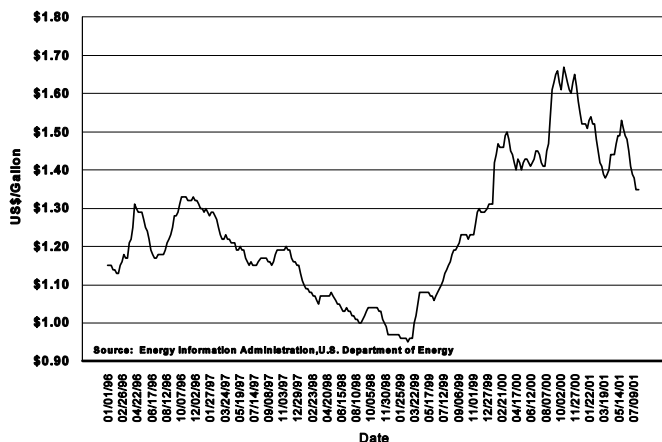
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
08/7/01	St. Louis	Sept	197	203
		Nov	160	160
		Jan	135	145
		Mar	139	145
		May	136	0
	Illinois River	Sept	225	225
		Nov	190	175
		Jan	0	195
		Mar	0	173
		May	0	0

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	8/1/01	7/25/01	Sept '01	Nov '01
Twin Cities	225	223	268	246
Mid-Mississippi	185	186	243	192
Illinois River	168	175	232	176
St. Louis	138	138	206	159
Lower Ohio	158	168	237	168
Cairo-Memphis	126	128	208	150

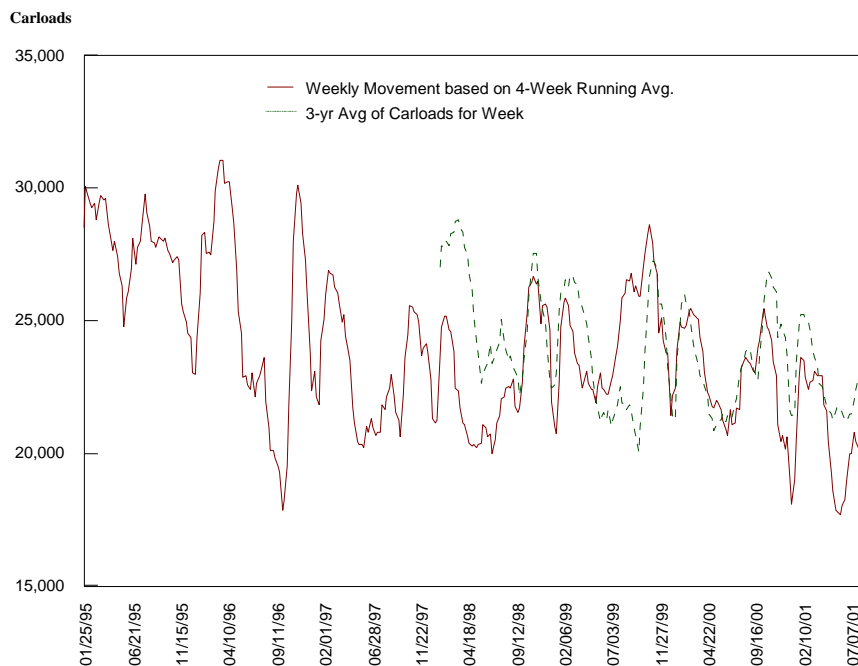
Source: Transportation & Marketing /AMS/USDA
 nq=no quote;

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
7/14/01	22,226
07/21/01	19,491
07/28/01	20,568
Year to Date - 2001	626,926
Year to Date - 2000	693,865
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

Train Carloads Originated									
	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
07/28/01	0	2,818	0	2,955	8,119	398	6,278	4,805	4,929
This Week Last Year	0	2,419	1,940	2,961	8,767	524	6,919	2,995	6,131
2001 YTD	0	90,926	0	93,342	232,642	13,797	196,219	148,046	133,327
2000 YTD	0	83,804	53,405	87,939	231,334	16,361	221,022	80,968	137,747
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

August 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
08/06/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
08/06/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
08/06/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
08/06/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
08/06/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
08/06/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
08/06/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
08/06/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
08/06/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
08/06/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

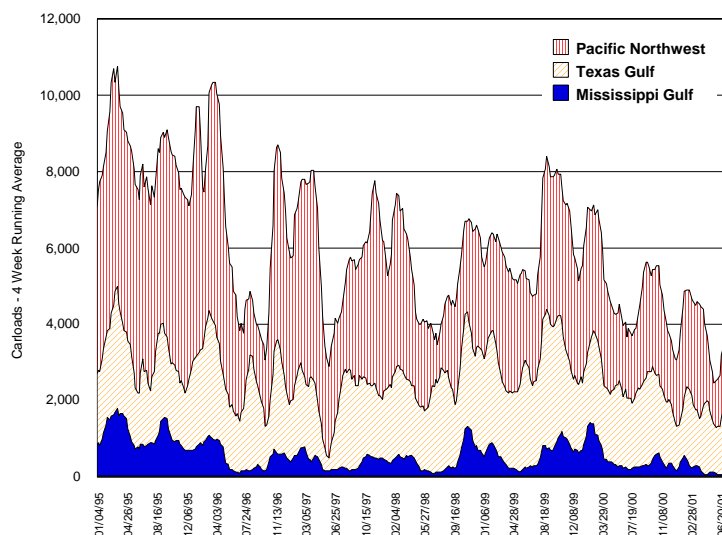
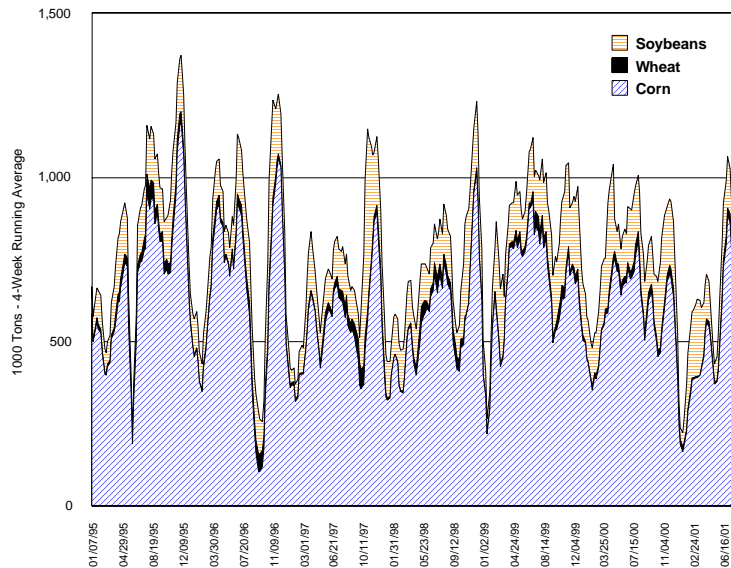
Rail Deliveries to Port**Carloads**

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/27/01	34*	2,157	1,784	705
07/04/01	31*	2,142	1,968	139
07/11/01	140*	879	2,345	309
07/18/01	101*	956	2,460	470
07/25/01	7*	998	2,703	54
08/01/01	104*	1,169	2,413	463
YTD 2001	5,617*	46,223	66,189	15,872
YTD 2000	18,561	62,910	78,712	8,166
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data

(**) Revised Data

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 7/28/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	455	0	47	502
Winfield, MO (L25)	612	0	80	701
Alton, IL (L26)	856	8	116	1,004
Granite City, IL (L27)	821	17	123	986
Illinois River (L8)	182	8	29	234
Ohio (L52)	39	28	13	92
Arkansas (L1)	0	47	0	47
2001 YTD	17,348	1,327	5,377	25,252
2000 YTD	19,341	1,358	5,395	27,112
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers; n/a=not available

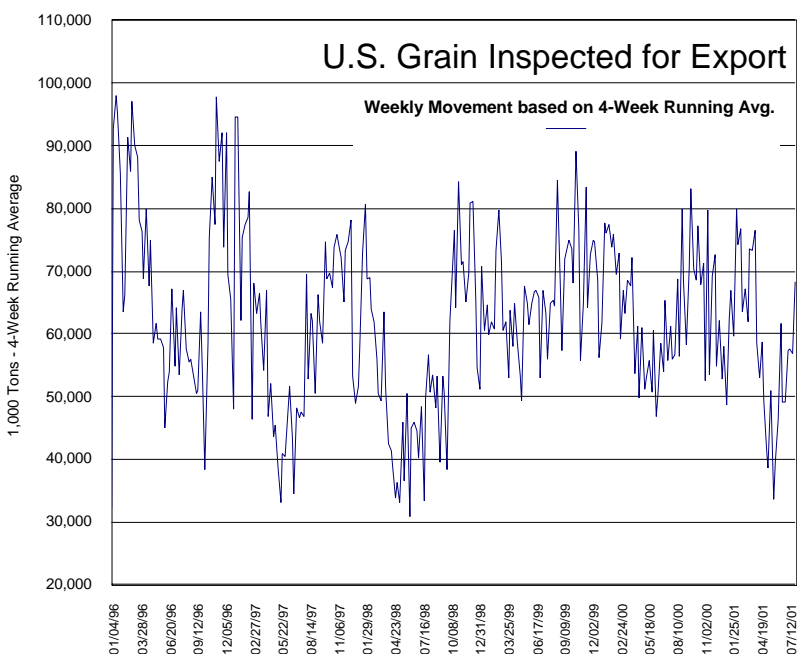
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
07/26/01	1,307	818	908	586	256	3,874	9,168	4,331	17,373
This Week Year Ago	1,136	543	804	761	318	3,562	8,474	3,397	15,433
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	1,131	570	665	356	143	2,865	41,067	26,067	69,999
99/00 YTD	1,500	848	883	491	146	3,869	43,461	17,713	65,043
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

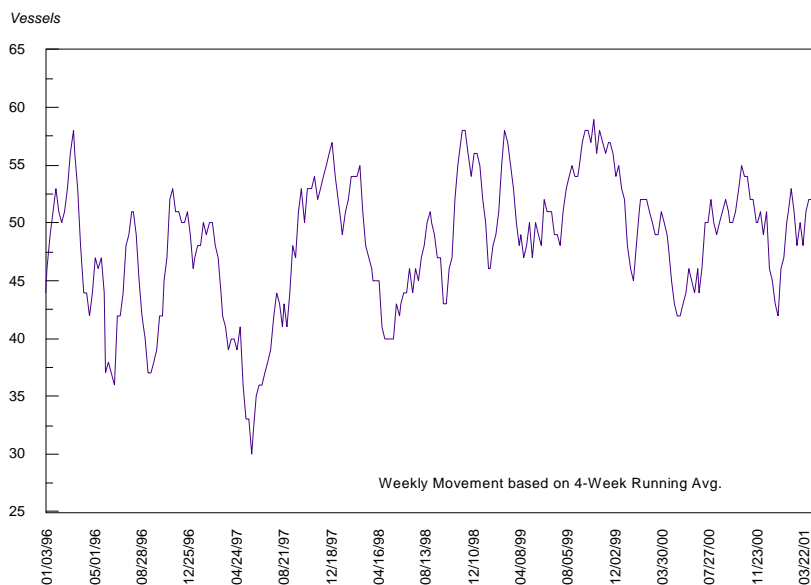
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/02/01	195	169	1	271	765	217	126	4	47
2001 YTD	5,581	3,059	1,308	3,380	19,533	8,964	3,255	175	884
2000 YTD	5,540	3,900	773	3,796	20,092	9,959	4,005	178	824
% of Last Year	56%	51%	77%	50%	55%	50%	47%	37%	88%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 7/26/01			
Vancouver	6,094	508	1,266
Prince Rupert	2,053		2
Prairie Direct	1,289	368	507
Thunder Bay	726	225	112
St. Lawrence	2,511	2,266	24
2000 YTD Exports	12,673	3,367	1,911
1999 YTD Exports	14,093	3,482	1,684
% of Last Year	90%	97%	113%



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

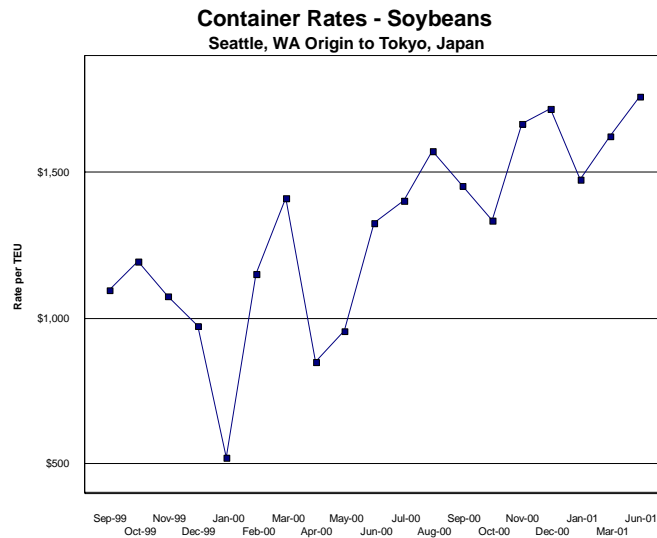
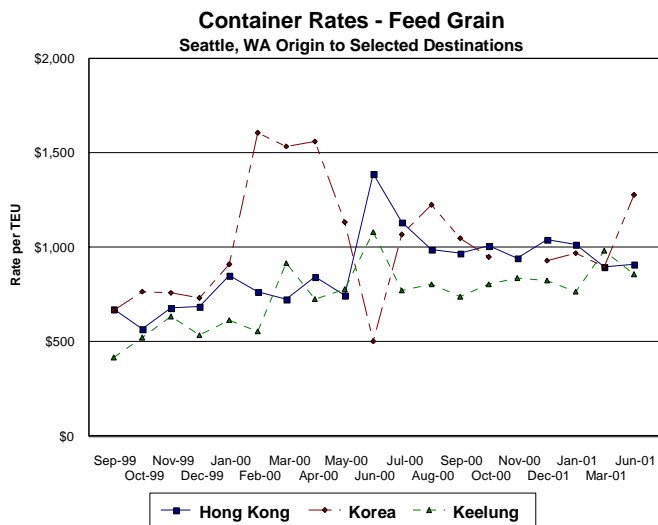
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
07/26/01	42	47	65	10			7	10	4
08/02/01	31	50	67	9			9	5	5
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

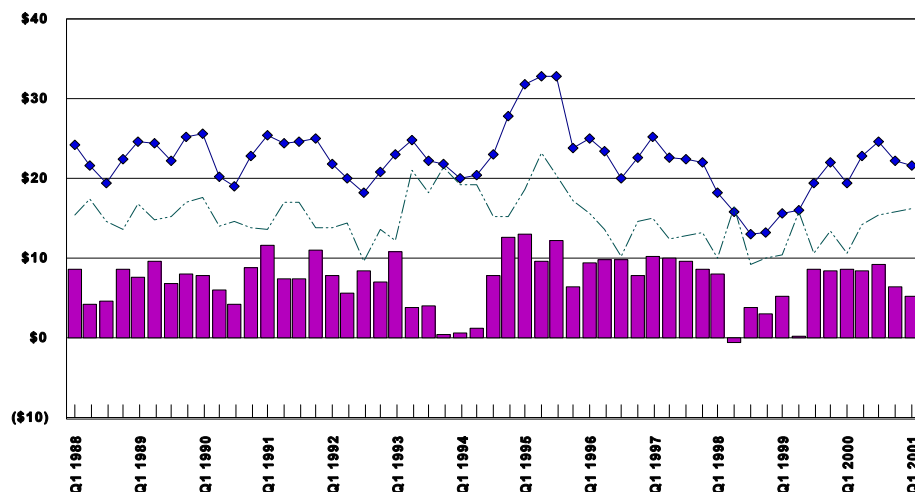
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA



◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 2 nd Qtr	2000 2 nd Qtr	% Change		2001 2 nd Qtr	2000 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	Argentina to			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 8/4/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Europe	Heavy Grain	Aug 5/10	55,000	\$12.25
Gulf	Israel	Heavy Grain	Aug 16/22	58,000	\$11.50
Gulf	Egypt	Heavy Grain	Aug 1/10	60,000	\$11.50
Gulf	Egypt	Heavy Grain	Aug 14/20	60,000	\$11.75
Gulf	Japan	Heavy Grain	Aug 11/20	54,000	\$18.75
PNW	Japan	Heavy Grain	Aug 10/18	54,000	\$11.00
River Plate	Kenya	Wheat	Aug 1/10	25,000	\$23.00op17.00
Bangkok	W. Africa	Rice (bagged)	Aug 10/20	8,000	\$42.00

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option